Press release

Paris, April 3, 2019, 07:00 am

Groupe Gorgé: significant improvement to the Group's profitability in 2018

- **Solid commercial activity in the 3 business divisions**
- **Record backlog**

Groupe Gorgé (Euronext Paris: GOE) announces its 2018 full-year revenue today.

(in € millions)	2018	2017[1]	Change	2017 Published	H2 2018	H2 2017[1]	Change	H2 2017 Published
Backlog 12/31	**230.4**	**204.7**	***+12.6%***	**205.9**				
Revenue	**296.0**	**278.2**	*+6.4%*	**276.7**	**152.8**	**140.7**	*+8.6%*	**139.9**
EBITDA[2]	**19.1**	**11.8**	*+61.4%*	**9.1**	**12.8**	**8.1**	*+38.4%*	**6.8**
% of revenue	*6.5%*	*4.3%*	*+220bp*	*3.3%*	*8.4%*	*5.8%*	*+261bp*	*4.8%*
Income from continuing operations	**4.3**	**(5.5)**	*nm*	**(5.8)**	**5.7**	**(2.0)**	*nm*	**(2.1)**
Operating income	**1.6**	**(13.6)**	*nm*	**(13.9)**	**5.4**	**(9.8)**	*nm*	**(9.8)**
Financial result	(1.1)	(2.1)	*nm*	(2.1)	(0.8)	(0.8)	*nm*	(0.8)
Tax	(2.5)	(4.9)	*nm*	(4.8)	(2.2)	(5.3)	*nm*	(5.2)
Net income	**(1.9)**	**(20.6)**	*nm*	**(20.7)**	**2.4**	**(15.9)**	*nm*	**(15.9)**
Net income – Group share	**(1.9)**	**(16.0)**	*nm*	**(16.1)**	**1.6**	**(12.2)**	*nm*	**(12.2)**

The 2018 financial statements were approved by the Board of Directors on April 2, 2019. Audit procedures were performed by the Statutory Auditors, and the audit report is currently being issued.

For 2018, **Groupe Gorgé** posted revenue of €296.0 million, up 6.4%, and in line with expectations. This performance was driven by sharp growth in the 3D Printing division (+75.0%) and the steady improvement in the Protection of High-Risk Installations division (+2.1%) over the course of the financial year, which offset the decline in the Smart Safety Systems division.

EBITDA improved significantly to €19.1 million in 2018, up 1.4% compared to 2017. All activities contributed to this growth, and particularly 3D Printing which continued to improve its profitability. The EBITDA margin was 6.5% compared to 4.3% in 2017, and even reached 8.4% during the second half year 2018.

Profit (loss) from continuing operations recovered to €4.3 million, compared to -€5.5 million in 2017. **Non-recurring operating income items** amounted to -€2.7 million for the financial year,

[1] As of January 1, 2018, the Group applies IFRS 15 *"Revenue from Contracts with Customers*". "All changes and comments indicated in this press release are in comparison with the 2017 figures restated for the implementation of this standard. Non-significant restatements have also been carried out as part of the application of IFRS3R. Detailed conciliation tables can be found in the Registration Document.

[2] Profit (loss) from continuing operations before net charges to amortization and charges related to the allocation of free shares

due in particular to the costs related to the restructuring of the three divisions for -€2.6 million. The disposals of EN Moteurs in the Smart Safety Systems division and AI Group in the Protection of High-Risk Installations division had an impact of +€1.1 million.

Financial income was -€1.1 million, compared to -€2.1 million in 2017 and **tax** was -€2.5 million compared to -€4.9 million in 2017.

The Group posted a **profit for the period attributable to the owners of the parent** of €1.6 million for the second half year, compared to a loss of -€12.2 million for the same period of the previous financial year. For the full year, the loss for the period attributable to the owners of the parent improved to -€1.9 million compared to -€16.0 million in 2017.

Performance by division

(in € millions)	Revenue			EBITDA		
	2018	2017[1]	Change	2018	2017[1]	Change
Smart Safety Systems	**102.1**	**113.5**	*-10.1%*	**14.5**	**14.2**	***+2.0%***
Protection of High-Risk Installations	**134.3**	**131.6**	*+2.1%*	**2.8**	**(0.8)**	***nm***
3D Printing	**60.9**	**34.8**	*+75.0%*	**1.2**	**(1.2)**	***nm***
Structure & disposals	*(1.3)*	*(1.6)*	*nm*	*0.6*	*(0.4)*	*nm*
Consolidated	**296.0**	**278.2**	**+6.4%**	**19.1**	**11.8**	**+61.4%**
Adjusted[3]	***295.7***	***275.5***	***+7.3%***	***19.3***	***13.6***	***+41.9%***

Smart Safety Systems

In 2018, revenue for the **Smart Safety Systems** division was €102.1 million, compared with €113.5 million in 2017, down 10.1% for the financial year. The fourth quarter of 2018, however, showed a turnaround in the Robotics business. Order intake for 2018 was up 45.3% to €128.0 million, reflecting the excellent commercial activity in the Robotics and Aerospace divisions where several major successes were recorded at the end of 2018 and the beginning of 2019.

Despite a decrease in revenue, the division achieved its target of improving profitability. The EBITDA margin was 14.2% in 2018 compared to 12.5% in 2017 and even reached 17.8% during the second half-year, reflecting the impact of the measures to improve operational efficiency implemented since the end of the 2017 financial year. EBITDA increased by 2.0% to €14.5 million, compared to €14.2 million in 2017.

Operating income amounted to €7.1 million, compared to -€1.2 million in 2017. Operating income was notably impacted by restructuring costs for -€0.9 million, the impact of the disposal of EN Moteurs for +€1.2 million and the amortization of intangible assets recognized at fair value in connection with acquisitions for -€0.4 million.

[3] Consolidated adjusted results for the two subsidiaries of the Smart Safety Systems division whose closure or disposal was decided in 2017

Protection of High-Risk Installations

Revenue for the **Protection of High-Risk Installations** division was €134.3 million in 2018, up 2.1% for the financial year. After a disappointing 2017, the division steadily turned its performance around in 2018 thanks to the gradual recovery of the Fire Protection business. The Nuclear business improved markedly at the end of the financial year thanks to the ramp-up of major contracts, notably the Hinkley Point project in the UK, which was made possible by the business's reorganization that took effect in late 2017.

The division's EBITDA was €2.6 million over the second half year, compared to €0.2 million for the first half year 2018, confirming the recovery in profitability during the financial year. For the full year, the EBITDA is €2.8 million, compared to -€0.8 million in 2017.

Profit (loss) from continuing operations was +€0.9 million compared to -€3.6 million in 2017. Operating income is impacted by non-current items for -€1.7 million, mainly due to the restructuring of the Nuclear division during the first half year.

The strong improvement to the division's performance is observed despite a still negative contribution of Nuclear activities for which the recovery that began in 2017 is on track.

3D Printing

Revenue for the **3D Printing** division was €60.9 million in 2018, compared to €34.8 million in 2017, up +75.0% over one year and exceeding the most recent objective, which had already been revised to €58 million. This surge reflects the growth in the both the Systems (+120.8%) and Products (+28.2%) businesses, bolstered by the contributions of Solidscape and Varia 3D during the financial year.

The division's EBITDA was €1.2 million in 2018, compared to -€1.2 million in 2017. For the first time, it exceeds breakeven over the full year and reached €1.0 million during the second half year, showing the continued improvement to profitability.

This performance is the combination of a large number of already very profitable activities (software, materials, etc.) and high potential activities that still generate significant losses (podiatry, machine development, etc.).

After non-current operating income items of -€1.1 million related mainly to the amortization of intangible assets recognized at fair value upon acquisitions, operating income was -€5.0 million compared to -€6.7 million in 2017.

Financial position at December 31, 2018 and dividend proposal

At December 31, 2018, the Group posted **net debt** including treasury shares of €27.9 million, compared to net cash of €3.9 million in 2017. This change is mainly due to the level of investments.

Despite the improvement to **cash flow** (€12.3 million compared to €7.4 million in 2017), operations consumed €2.8 million in cash and cash equivalents compared to €1.7 million in 2017, due mainly to the €12.3 million increase in **working capital requirements**. Working capital requirements had decreased during the first half year of 2018 but the high level of activity at the end of the year had an unfavorable impact. The working capital requirement includes €24.8 million in tax credits, of which €2.9 million were received during the first quarter 2019.

The level of **investments** remained stable at €14.9 million, excluding external growth, compared to €15.1 million in 2017. Changes in the scope over the financial year (acquisition of Solidscape, takeover of Varia 3D and various disposals) represented a cash outflow of €7.2 million.

At the Shareholders' Meeting of June 7, 2019, the Board of Directors of Groupe Gorgé will propose the payment of a **dividend** of €0.32 per share, paid in cash, in respect of the 2018 financial year. This dividend is identical to that paid in 2018, reflecting the Board's reinforced confidence in the solidity of Groupe Gorgé's financial position and outlook. If this dividend proposal is approved, the ex-dividend date will be July 4, 2019, and the payment of the dividend in cash will be on July 8, 2019.

Award of an emblematic contract in the Smart Safety Systems division

Following a call for tenders launched in the summer of 2018, in March 2019, the Belgian navy awarded the Belgium Naval & Robotics consortium, bringing together Naval Group and ECA Group, the supply of 12 mine-hunting vessels equipped with a total of 100 drones. Six vessels are destined for the Belgian Navy. The other six will be delivered to the Dutch Navy.

ECA Group's share of this contract represents around €450 million. The 10-year program will start with a design phase of about 3 years before the production and delivery phase of the drone systems. The contract should generate revenue starting in 2019.

This success is the culmination of a strategy carried out over several years focusing on the development of drone systems, composed of multiple and varied drones cooperating as autonomously as possible within the same mission (see the press release of March 18, 2019).

The final notification of the contract could take place by the end of April after processing of potential recourses.

2019 Outlook

At December 31, 2018, **Groupe Gorgé's** backlog had reached its highest level ever, at €230.4 million, up +12.6% year-on-year.

The **Smart Safety Systems** division's backlog was €120.3 million at December 31, 2018, driven by a +50.3% surge in the Robotics division, where the backlog reached a record-breaking €94.5 million.

Full-year 2018 stood out for its exceptionally high order intake. Continuing this trend, 2019 will be marked by significant growth in operations, particularly in the Aerospace and Robotics divisions. In this favorable commercial context, the Group's profitability should continue to improve, amplified in the medium term by the volume and series effects of the mine-hunter contracts. Several major navies, including France, India and the UK will renew their mine-hunting fleets over the coming years. In addition, ECA Group believes that most navies will also be equipped with transportable drone systems that can be used from the coast.

Profitability should continue to benefit from cost reduction and operational efficiency efforts. The disposal of EN Moteurs and the mergers of legal entities carried out in 2018 and at the start of 2019 are part of this momentum.

In 2019, the division is targeting revenue growth above 5%. This outlook does not yet factor in the approximately €450 million contract for the supply of 12 mine-hunting vessels for the Belgian and Dutch navies.

In the **Protection of High-Risk Installations** division, order intake remained high at €103.0 million at December 31, 2018, which was stable compared to the previous financial year despite an unfavorable scope effect.

The recovery observed throughout 2018 is expected to continue in 2019 for all the division's businesses. In the Nuclear and Oil & Gas businesses, which together represent one-third of the division's revenue, the commercial outlook and the business are expected to be better than in 2018.

At December 31, 2018, the **3D Printing** division's backlog was €7.5 million, up 54.9% year-on-year.

The acquisitions and R&D developments since the IPO have strengthened the division's positions in its core businesses, notably machine manufacturing and international activities with the acquisition of Solidscape in 2018. The management team aims to reinforce the synergies and promote the Group's consolidation into a major player in design and digital manufacturing using 3D printing.

Pursuing this strategy, in January 2019, Prodways Group acquired Surdifuse-L'Embout Français, a major audiology player in France. Thanks to the merger of Surdifuse-L'Embout Français with Interson-Protac acquired in 2017, Prodways Group aims to produce the French market leader and one of the European leaders in customized ear tips, a market that has been transformed by 3D printing.

For 2019, the R&D effort will remain at a sustained level, albeit relatively down in relation to revenue. The Group will continue its investments in the applications of the future in 3D printing (Rapid Additive Forging technology, digitalization of processes in the medical sector, etc.). This expenditure - creating value for the future - will continue to weigh on the division's income statement. It will be increasingly offset by the already profitable businesses that are enjoying strong growth.

Within the current scope and excluding new external growth operations, the 3D Printing division is targeting revenue growth in excess of 15% in 2019.

2018 saw a significant improvement to the performance of all of its divisions. The Group is positioned in several markets and technologies of the future. This multi-activity strategy provides the Group with unique strengths in a world where technology companies change at an ever-faster pace:

- its agility enables to rapidly adapt to cycles and mobilize resources at the right moment, depending on the maturity and development of the businesses, with optimal effectiveness;

- its ability to identify upstream the markets and technologies that provide strong growth opportunities;
- its synergies between businesses with shared challenges.

2019 should confirm the relevance of this model. For 2019, Groupe Gorgé is targeting revenue growth of 10% with an improvement to profitability for all divisions.

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Meeting to present the results on April 3, 2019 at 10:00 am

The information on the 2018 financial year results includes this press release and the presentation available on the Financial Press Releases page of Groupe Gorgé's website: www.groupe-gorge.com.

Today, Wednesday April 3, 2019, Raphaël Gorgé, Chairman and Chief Executive Officer, and Loïc Le Berre, Deputy CEO in charge of Finance, will comment on the results and outlook for Groupe Gorgé and its subsidiary, ECA Group, and answer questions from the financial community during a meeting that will take place at 10:00 am at #cloud Business Center (10 bis rue du Quatre Septembre-75002 Paris).

Next report:

Publication of first quarter 2019 revenue on April 25, 2019 after stock market closing

Disclaimer

GROUPE GORGE press releases may contain forward-looking statements regarding GROUPE GORGE's targets. These forward-looking statements reflect GROUPE GORGE's current expectations. Such forward-looking statements and targets depend on known and unknown risks, uncertainties and other factors that could cause actual results, performance or events to differ materially from those anticipated herein. The risks and uncertainties that could affect the Group's future ability to achieve its targets include, in addition to those indicated in the press release: the strength of competition; the development of markets in which the Group operates and notably the 3D printing division; currency fluctuations; obtaining the export authorizations that may be required for certain activities; control of costs and expenses; changes in tax legislation, laws, regulations or their enforcement; our ability to successfully keep pace with technological advances; our ability to attract and retain qualified personnel and key staff; the evolution, interpretation and uniform application and enforcement of International Financial Reporting Standards (IFRS), according to which we prepare our financial statements; manufacturing and supply chain bottlenecks; the performance of our business partners (subcontractors, agents, suppliers, etc.). Some of these risk factors are set forth and detailed in our Document de Référence (Registration Document including the annual financial report filed with the French Autorité des Marchés Financiers), available on our website www.groupe-gorge.com. This list of risks, uncertainties and other factors is not limitative. Other unanticipated, unknown or unforeseeable factors, such as changes in the economic situation or financial markets, could also have a material adverse effect on our targets.

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About Groupe Gorgé
Founded in 1990, Groupe Gorgé is an independent group that specializes in high-tech industries. Today, the Group is active in the fields of security and protection in extreme environments, as well as in the 3D printing sector. In its more than twenty-five year history, Groupe Gorgé has always developed and driven the latest technological and industrial innovations.

Smart Safety Systems:
Developing complete, innovative technological solutions for complex missions in hostile and confined environments.

Protection of High-Risk Installations:
Protecting people and ensuring the active and passive protection of installations for energy markets and industrial and tertiary sectors in France. Ensuring the maintenance of these protection systems.

3D Printing:
Enabling major industry players to find new routes to successful innovation and production processes by providing 3D printers, premium material, software and 3D printed parts.

The Group reported revenue of €296 M in 2018. It is backed by 2,000 employees and operations in over 10 countries.

More information on:
www.groupe-gorge.com

Groupe Gorgé is listed on Euronext Paris
ISIN code: FR0000062671
Ticker code: GOE

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